

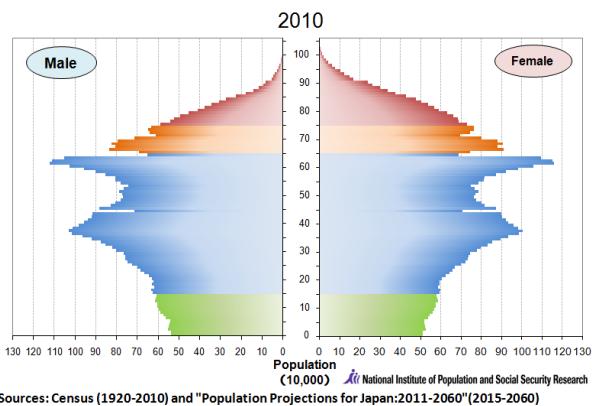
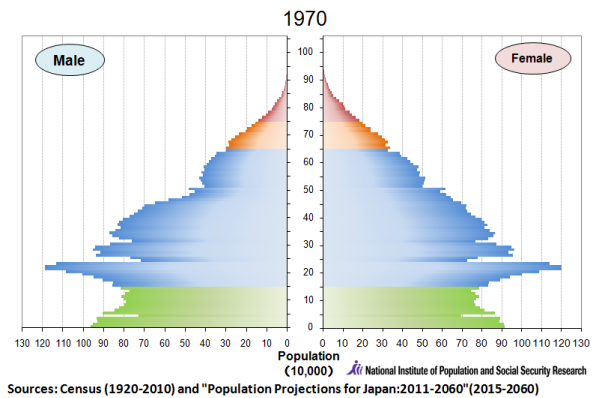
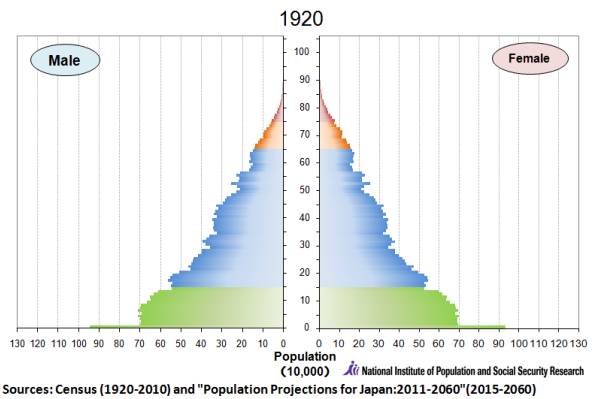
Demographic Changes and Life Insurance Business in Japan

--- Series 1: What Happened and Why ---

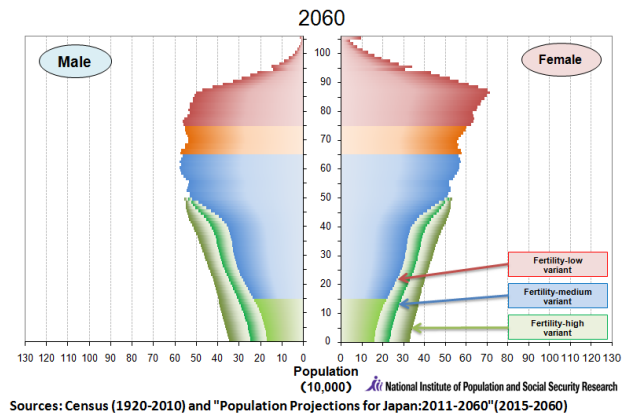
Japan's population kept growing from 1900s to 2008. It exceeded 100 million for the first time in 1967. This upward trend, however, ended after reached its peak about 128 million in 2008. Since then, Japan has been experiencing a rapid population decline. The latest data from 2015 Census predicted that Japan's population stands at 127.1 million, a 0.7 percent decline from 2010 Census.

Japan's fertility rate had been at high levels during the period from 1947 to 1949 and the period from 1971 to 1974, which are known as the first baby boom and the second boom of post-war Japan. After the second baby boom, the fertility rate shifted to a decline trend. It fell below 1.5 at the beginning of the 1990s and to a new record in 2005 about 1.29. As a consequence, the working age population has been on a downward trend after reached its peak in 1997 as well.

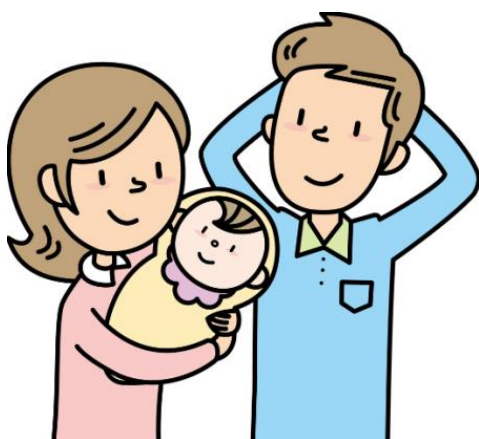
On the other hand, the proportion of population aged over 65 is increasing rapidly. The 2015 Census shows that the number of elderly



people has risen to a new record of about 33.8 million, or 26.7 percent of the population, while the number of people aged over 80 has risen to over 10 million for the first time as well. In addition, according to the forecast by the United Nations, Japan's population will fall to about 83 million, and the proportion of people aged over 65 will rise to 35 percent by 2100.



The increase in the number of elderly population can be largely attributed to the improvement in living standards and development of medical technology. In contrast, the causes of low fertility rate in Japan seem more complicated. Some scholars argue that the decline in the infant mortality rate could result in a decrease in the number of children that a couple wants to have. This argument is especially evident during the prewar period. Moreover, the industrialization is also considered as a factor responsible for the decline in the number of children that a couple wants to have. For instance, in the agrarian society, a couple may want to have more children as potential labor force. On the contrary, in an industrial society,



such needs will become weaker. However, the total number of newborn during the prewar period was on an upward trend despite that no accurate data on fertility rate are available.

In general, progress in women's social advancement associated with improvement in women's education and development of economy is considered as an important factor responsible for low fertility rate in postwar Japan. It generated a trend toward later marriage and mothers having their first child in their 30s. Moreover, it is said that the continuing

traditional disapproval of out-of-wedlock births is also a factor responsible for low fertility rate.

Furthermore, high cost of raising a child associated with improvement in living standards and economic development can be considered as a possible cause of low fertility rate, giving the fact that the metropolitan population has been steadily growing since the high-growth period of Japanese economy. In addition, indirect cost of having and/or raising a child could be significant when women think they will lose out in the competition for promotion if they take time to have babies. Moreover, increase in number of unmarried young adults is also responsible for low fertility rate in Japan.

To be continued...

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